

**City Council Budget Work Session
June 12, 2023**

The City Council of the City of Elizabeth City met in work session on Monday, June 12, 2023 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Pro Tem Kem Spence
Councilman Johnson Biggs
Councilman Joseph Peel
Councilwoman Rose Whitehurst (*Arrived at 4:54 p.m.*)
Councilwoman Katherine Felton
Councilman Johnnie Walton
Councilwoman Barbara Baxter (*Arrived at 4:39 p.m.*)

MEMBERS ABSENT: Councilman Johnnie Walton
Councilman Jarvis Gibbs

OTHERS PRESENT: City Manager Montre' Freeman
Chief of Police J. Phillip Webster
Finance Director, Alicia Steward
Assistant Finance Director Brian Lewis
Human Resources Director Montique McClary
Electric Superintendent Donnell White
Interim Community Development Director Reggie Goodson
Deputy Chief of Police James Avens
Public Utilities Director Dwan Bell
Parks and Recreation Director Sean Clark
Fire Chief Chris Carver
ECDI Director Debbie Malenfant
IT Director Matthew Simpson
IT Systems Analyst Pedro Holley II
City Clerk April Onley

Mayor Rivers called the Budget Work Session to order at 4:02 p.m. Mayor Pro Tem Spence provided the invocation, after which Councilman Peel led the Pledge of Allegiance.

1. Discussion – FY 2023-2024 Budget Continued;

Manager Freeman advised that during the last meeting, the Council had finished going through the budget and tonight they would be tying up any additional questions left from that point. He said there was a piece on recyclables, which he would like to bring forward during the Regular Session as a closed session piece. He noted there were several items the Council had given general consensus on, but he would like to get a formal vote this evening for staff to move forward. He provided the Council with a list of items staff had been tracking at their behest, along with the expected budget impact. The first item was 10 additional police cameras, which carried a budget impact of \$38,000.

Mayor Rivers stated that they would move down the list and only bring one up for discussion if there was an issue. Manager Freeman continued that the Parks and Rec budget included a breakout for the new gymnasium coming online, which included part-time and seasonal employees being moved to \$15 an hour, as well as the parking lot and upfitting fees, but they were now listed as individual items. The parking lot had been decreased from \$85,000 to \$80,000. Councilman Peel asked if the \$148,000 was capital outlay money? Director Steward said it was; it had increased by \$13,000. Councilman Peel asked what specifically was that for? Director Steward explained that it was for

increasing utilities costs. The recommended original amount was \$135,000, although Parks and Rec asked for \$148,000, so the Council had decided to move it up to their requested amount, which was why there was a change there. She pointed out that the \$56,000 he was seeing separate was for the breakout of the middle school expenses.

Mayor Rivers questioned the salaries and wages line item. Director Steward said there was an inclusion there of \$75,000 for additional staff. Councilman Peel explained that they needed two additional staff members to run the gymnasium. The gym was not accounted for in the original budget calculations, so they'd had to first include it, and then break it down as separate pieces. The salaries were not capital outlay, but reoccurring money. Mayor Rivers asked if that meant they did not need to find \$75,000? Councilman Peel said that was correct, it was just broken out now to better identify what was what. Mayor Rivers asked if anything was being cut from this budget? He said that the programs offered for our citizens are very important so he wanted to make sure they were covered. Director Steward said that earlier, they'd presented everything "active" in the system, which originally included people who are no longer working for us, such as some part-time personnel. Once these pieces were removed, the budget was actually lessened. Mayor Rivers said he just wanted to make sure we were not cutting things our citizens needed. Will this affect the operations of Parks and Rec? Manager Freeman said that it would not. He'd met with Director Clark and Director Steward to determine the correct number of personnel and funding required for them. Mayor Rivers stated that we were allocating Parks and Rec \$475,000 for salaries and wages and now we're adding new personnel and the part-time rates are increasing, so is this a true number? They've already spent well over \$300,000 as of May 17th. Director Clark said there were additional staff included who were not on payroll when the budget was first calculated, so they were able to cut those as they were not "true" numbers. Mayor Rivers reiterated that he just wanted to make sure they weren't asking for things that were going to cause them problems. He stated that we need to give Parks and Rec enough to ascertain that our programs can run and we can get new programs as well.

Councilman Biggs asked where the 50 people that were "cut" came from? Manager Freeman said they were part-timers who were included on his roster in the budget that had accidentally not been removed when the budget was first created, so they had to be eliminated later. Councilman Biggs noted we'd discussed the minimum wage moving to \$15 an hour – have we gone back and recalculated those figures? Manager Freeman confirmed that we had.

Councilman Biggs said he'd noticed that our boat ramp was out of commission due to needing concrete work. He'd receive several calls and it appeared that there was a lot of deterioration happening there. He felt that was going to be another issue coming down the pipeline in the future. As we continue to push people to utilize our waterfront, we need to consider that that bulkhead is failing. Manager Freeman said a contractor has come in and will be providing quotes soon. The issue that we currently have is that a boater damaged the ramp with his trailer. Mayor Rivers asked if insurance will pay for it? Director Clark said we'd gotten a report that a trailer was damaged due to the boat ramp, at which time they discovered the problem. There is additional bulkhead work throughout the waterfront that also has issues, but is not tied directly to this incident. Mayor Rivers said he'd like Director Clark give an update maybe in August so we knew what our needs were. Councilwoman Felton asked if our insurance had to pay for it if someone else was responsible for it? Director Clark said we were told that the trailer was damaged when the gentleman in question tried to launch his boat. We closed it down until it could be fixed. Councilman Peel noted that people often back their trailers in, the ramp ends and then they have to "float" the trailer up. He didn't know if there was any way, due to the depth of the water, that that could be mitigated. While many boaters knew what they were doing, many of them backed off the end of the ramp and had a problem.

Councilman Biggs said the bulkhead around the ramp is in poor shape. There are a lot of things around there that could be a risk. He felt there were probably quite a few things down there that needed to be mitigated as they could cause us issues in the future. Mayor Rivers asked how long we're expecting the ramp to be down? Director Clark said he was hoping no more than two weeks. Mayor Rivers asked if we'd be good before July 4th? Director Clark said that we would. They'd been redirecting to College Park, which was a good second choice, but some boats could not fit under the bridge.

Mayor Rivers stated that he'd been speaking with Parks and Rec about trying to drive more people to the water and he'd like us to eventually get more duck boats and paddle boats. They were trying to scout the best places for that. He'd spoken with several donors who were willing to donate the ducks. Councilwoman Felton asked if our insurance would cover all of this? Mayor Rivers said they were working on that piece now. He worried that for a lot of people, our waterfront is just "there" and people don't really utilize it like they could. We want our locals to use and enjoy the water as much as people traveling in the area do. He felt the Harbor Town ferry was going to drive more people to the water and we wanted to have things to do there. He wanted to have as many enjoyable resources for our citizens as possible.

Mayor Rivers asked about the employee raises. Manager Freeman said he'd proposed them without law enforcement and for anyone who'd been with the City for at least six months. For \$1,000 each, the total would be around \$256,122. If they'd like to consider \$1,500, that would be \$348,183. Mayor Rivers asked how much for just \$500? Manager Freeman replied that would be \$128,628. Mayor Rivers asked how many full-time employees we had. Director Steward said the total included here was 204.

Councilman Biggs asked why we wouldn't include police in the bonuses? Councilman Peel said he felt it would have to go to everyone. Manager Freeman said \$150,885.20 would give all employees a \$500 bonus. We have 240 employees if you include all full-time. Mayor Rivers asked if we were talking about doing it the same way as last year, just give everyone a check right then in July? Director Steward noted the 240 does not include employees who have been here less than six months or part-time. Councilman Biggs said he felt all employees across the board should get it, regardless of their time with the City. Mayor Pro Tem Spence agreed that all full-time individuals should get \$500. Councilwoman Felton asked if we were talking about a COLA or a bonus? Councilman Biggs said we're talking about a COLA now. Director Steward said COLAs had to be done in percentages – they couldn't do a simple \$500 for everyone. Councilman Biggs said what they did last year was \$500 bonuses, which was a little over the cost of a 1% COLA. He believed it actually came out to about \$470 and they rounded it up, which was where \$500 came from. Councilwoman Felton said they did not want to do percentages, they wanted to do a straight \$500 across the board because percentages give department heads more than other employees. Mayor Rivers said everyone was given it in the first paycheck in August if he remembered correctly. Manager Freeman clarified they wanted this to be a salary increase and not just a bonus, was that correct? If so, it would need to include benefits and everything. They wanted to include every full-time employee, correct? Mayor Rivers said that was correct. He noted that we're looking at somewhere around \$151,000 impact to our budget if we do that.

Mayor Rivers asked for all the additions put into the budget. Manager Freeman said that was on the handout he'd provided, which they'd started going through. The next item was a concern about how to spread costs in IT. Mayor Pro Tem Spence asked if this included positions being added into IT? Manager Freeman explained that this part did not, it was just how money was spread out in IT. Councilman Peel said they really hadn't decided what they wanted to do with the potential extra positions. Manager Freeman reminded them that there were computer costs and things like that in the IT budget, although they technically were for other departments. The original discussion was to move those items to the proper departments. If we spread them out from a funding standpoint, it takes the items off of IT's radar, which is a concern about staying up to date. Councilman Peel said he understood but felt we were talking about two separate things. He heard the rationale, but wanted to make sure we put things in the correct funds. Councilman Biggs agreed – he felt it would help us track how well each fund was truly performing. Most everything moved out of IT was going to electric or water and sewer. If something was assigned to a department outside of the general fund, it needed to be tracked. Manager Freeman said we could move them into specific funds and then still have them tracked by IT. Mayor Pro Tem Spence said he did not feel it was fair to have IT track all of our computers and devices and felt that each department head should be responsible for their own devices.

Mayor Rivers asked what other increases they've requested so far so he could know where they were. He understood we would not have a firm number on the salary increase right now, but we had a ballpark. He knew we were out of balance and needed to find the money we needed to get us back in order. Part of it was the employee bonuses and the police cameras. He wanted to see how far off we were in total. Manager Freeman said

the amount to balance the general fund included the raises, the airpicks for the Fire Department (\$80,000) and the police cameras. They also needed to decide whether or not they were purchasing the Itron meters because that would change some things, and we wouldn't need the Nexgrid upgrade if they wanted to go that route. Director Bell said he wanted to start getting the smart meters in the system, even if we did it in a phased approach. Councilman Peel asked if the Itron meters were smart meters? Director Bell said they were not – they were the old meters. Nexgrid meters were the smart meters. Mayor Rivers asked where this was in the budget. Manager Freeman said it was not budgeted because it was requested but not recommended. It was a decision the Council would have to make. The \$2.6 million is the full cost for a deployment, but we could do a phased approach if we wanted to. If we do not move to smart meters, we need \$19,700. Director Steward pointed out that this would be part of a capital project and not the annual budget. Mayor Rivers asked how long it took to implement the electric meters? Director Bell said they'd done the full deployment over the course of about a year. Mayor Rivers said \$2.6 million was a lot of money, so if we were going to start it, it was good to go ahead. Director Steward noted that the Nexgrid project had originally had a pilot project to help us determine if that's the way we were going to go. She didn't know if it would take a year, but felt it would be considered a capital project and be separated from the regular budget. Mayor Rivers asked if these were water meters? Director Steward said they were. Councilman Peel said he felt we were going to have to add the \$19,700. Councilman Biggs agreed that it was a bit late in the game to be discussing a project of that magnitude so we'd probably have to go with the \$19,700.

Mayor Rivers noted the Council had discussed maybe appropriating funds for Arts of the Albemarle. Councilman Peel said they should probably decide on whether or not they were adding staff to the IT department, and if so, how many. Mayor Pro Tem Spence said he felt strongly that two employees should be added to IT due to the workload they shouldered. Councilman Peel said he was comfortable with one, as did Councilman Biggs. Councilwoman Felton said she'd like two. Mayor Rivers said he wanted there to be one for now. They could always add another later down the road. The key is we have to find the money – what are we cutting? He said he would love to do two employees for them right now, but you have to cut somewhere. Councilwoman Felton said they should probably wait until the numbers are firmer before they made the personnel decision in that case.

Manager Freeman noted they'd added \$50,000 for the Boys and Girls Club, so that would be an addition as well. Mayor Rivers advised the Council that if they had any more additions, they could put them on the table at this time. Councilman Biggs asked if we'd budgeted the amount of money needed to pay Greg Isley for another year? Manager Freeman said we did – we budgeted for Greg Isley, the auditors and Steinburg. Councilman Biggs asked if we budgeted for one audit or two? Manager Freeman said one. Councilman Biggs stated that he did not feel we were going to finalize this next audit in the next few days. He asked if the audit fell under professional services? Manager Freeman said it was in professional services on page 10 in the budget book. Mayor Rivers clarified that we did not expect the number for the Greg Isley Firm to be as high in the coming year as it was in the past.

Manager Freeman continued that we'd need to include another \$73,000 for PB Mares to have two audits in the single year. Councilwoman Felton asked at what point did we want to discuss the trash truck and services? Councilman Peel noted that was a separate fund from the general fund. Mayor Rivers explained to the Council that they needed to put everything they wanted on the table. Manager Freeman said we had two options with a trash truck for \$400,000. Mayor Pro Tem Spence said he believed Councilwoman Felton was asking more about contracting the service out. Councilwoman Felton said during the last meeting, they'd discussed the problem with sanitation was that we needed vehicles and we wanted to lessen the routes, subtract recycling and so on. If it didn't need to be done during this meeting, that was okay, but she wanted to know what they needed to do with the trucks. Councilman Biggs agreed because we are not generating enough revenue to fund that department. We are in a deficit, regardless of whether we buy a truck now or later. In the interest of our tax payers, we need to begin to implement some changes, whether that's reducing curbside recycling in favor of convenience centers or whatever. The maintenance costs on the vehicles are killing us and we don't bring in enough to cover the cost without buying a new truck. We are in the hole as we sit today.

Manager Freeman said we would need to go into closed session after the regular session to discuss a few things, contract-wise. Councilman Biggs asked if we had figured out how much it would save us to reduce curbside recycling? Manager Freeman said we had not, but he had some other information on things we could do. Councilman Peel said he felt it would be important to have because it appears we're going to have to increase what we're charging for solid waste pickup. We're going to need to know what kind of increase that will be to cover it. Manager Freeman said they'd have it ready for them in the next few days. Councilman Biggs noted that we may not have to increase rates if we decrease service, but we don't know that right now for sure.

Mayor Rivers said he felt we needed to give \$5,000 to Arts of the Albemarle because they are providing programs for our youth. The more we can give our youth to keep them involved, he believed that would help them later on. Mayor Pro Tem Spence asked if we ever gave to them in the past? Councilman Peel said we used to give them \$25,000 yearly as an earmark. Mayor Rivers noted that we'd given them as much as \$60,000 at some point if he remembered correctly.

Councilman Biggs noted we had \$55,000 budgeted for economic development and we'd discussed about moving that over because we split it. Had that been done? Manager Freeman confirmed that we did make that move. Councilman Biggs asked if they could please send a new electronic copy of the budget before the final vote because it was hard to track right now.

Mayor Rivers stated the City did not want to get in the business of running a homeless shelter, but he felt we should allocate \$5,000 to an organization that help the homeless. Mayor Pro Tem Spence said he felt SOULS would be a good organization because they feed every day. We can't afford to build a shelter and we don't want to get in the business of running one, so he'd prefer we give it to someone who is already in place and helping people. Councilman Peel asked if anyone knew what happened to the grant River City got for a homeless shelter? What about the Mary Walker House? Mayor Pro Tem Spence said he was not certain.

Councilwoman Whitehurst said previously, we'd used a cold weather voucher program. The Salvation Army helped some, but they didn't have a lot of funding. Mayor Rivers said they'd done it for under 40 temps and the Salvation Army did not expend all of their funds, so they did still have some left.

Councilwoman Baxter asked what they intended to do about inspectors? Something needed to be done because people were living in terrible conditions and nothing had changed. She worried these people would end up in homeless shelters because there was nowhere for them to go. We only have two inspectors for the entire city. Mayor Pro Tem Spence asked about the program Dennis Gordon used to do – does he still do inspections? Mayor Rivers said he felt that would be a good tie-in because he did not do weatherization any longer. Instead of creating a new position, we could use Mr. Gordon for something else. Mayor Pro Tem Spence noted the government used to help with funding for weatherization, but they've since stopped. Councilwoman Baxter asked if we're trying to get more inspectors? Manager Freeman said he could try to restructure the department as a whole. Mayor Rivers said he felt we should get weatherization back because it helped everyone. Councilwoman Baxter said the slum lords didn't need weatherization, they needed inspectors. The way the City is growing, you need more inspectors. It helps with minimum housing as well. She felt weatherization was a good program, but we really need inspectors and we need to help these people. She didn't see anything happening with these houses. She understood we were still fighting for the bill, but it was a waiting game. There are a lot of people with money blocking people from getting better living. She didn't feel the City was doing much about it.

Councilman Biggs said he understood she was talking about minimum housing inspectors. To do minimum housing for the City, we can do some enforcement with what's on the books right now. He asked inspectors for housing have to have some kind of certification? Manager Freeman said there was training he was aware of. Councilman Biggs pointed out that our building inspectors were not the same thing as minimum housing, correct? Manager Freeman said that was correct. We had no one doing minimum housing at this time. We used to have two, but when the law changed, we moved them to other departments. Councilman Biggs asked how many building

inspectors we had? Manager Freeman said we have three. They have to handle all of the service work for a building inspector. Councilman Biggs asked who got stuck with the minimum housing complaints? Manager Freeman said the level one building inspectors had to handle those at this time. Director Goodson explained they have three building inspectors and two code enforcement officers. When it comes to determining if a structure is uninhabitable, it requires a building inspector, not code enforcement. Code enforcement cannot bring the order before the Council. It takes a building code official to determine those things. Councilman Biggs clarified that it would take a minimum of level one inspector to be a minimum housing inspector? Director Goodson confirmed that was correct. Councilman Biggs noted that we would not be able to reclassify Mr. Gordon in that case. Can anyone go out and take an initial look? Director Goodson said code enforcement could look, but there's no need in sending them out because they do not have that expertise. Councilwoman Baxter said she was just very passionate about this issue. She said it really made her angry because people were being forced to live like this and those who weren't looked the other way.

Councilman Peel said he felt we should add a building inspector to address these types of issues. Mayor Pro Tem Spence asked if we didn't have a position open for that now? Manager Freeman said we did not. Councilman Peel said if we have to drop an IT position or whatever to make it happen, then that's what we have to do. Mayor Rivers asked about the salary range for the total package with benefits.

Councilwoman Whitehurst asked who people with complaints should call, or should they be calling? Councilwoman Baxter explained that they called the inspections department. Director Goodson said we tried to deal with complaints within 48 hours, but we only had three inspectors. The City is growing and we still have three inspectors. They can hardly get to the regular building inspection work, much less anything else. He advised that if you want to focus on the minimum housing complaints, you are absolutely going to need more inspectors.

Mayor Rivers noted the manager would come back with a figure for that position. He estimated \$60,000, just to have a number plugged in.

Mayor Rivers listed the following additions to the budget: \$151,000 for a \$500 bonus for full-time employees; \$38,000 for police cameras; \$80,000 for the Fire Department's air packs; \$50,000 for the Boys and Girls Club; \$73,000 for PB Mares; \$5,000 for Arts of the Albemarle; \$5,000 for SOULS; and \$60,000 for inspections. He estimated the running total of about \$433,000 for these additions.

Councilman Biggs asked if we increased fire maintenance costs? We overspent the budget significantly so he wanted to know if we accounted for that. Manager Freeman said we were getting a new fire truck so some of our maintenance was expected to decrease. Chief Carver said the new truck should be here in November or December. He felt we could make it at \$130,000 with maintenance.

Mayor Rivers asked for the cuts or decreases in the general fund that had been identified. Manager Freeman noted they'd have to update everything from this evening. **He noted they'd pulled out \$23,872 for the Governor's Camera Grant as it was not best practice to budget for a grant before receiving it, and removed \$10,000 for Albemarle Area United Way, and \$5,000 from IT for other department's purchases.**

He asked if they could have an option of going back to balance with the suggested changes from this evening to get to a true number. Mayor Rivers said he just wanted to be able to start wrapping this up. Are we doing two IT positions or one? Does Council need to find other ways to cut? They've given \$433,000 worth of increases, so that has to come into play. Director Steward said she'd been working on the spreadsheet tracking additions and subtractions and identified some areas that were estimated low in the revenues and could be brought up a little bit. Once tonight's decisions were gathered, they'd break it down by fund and let them know exactly how much they were down.

Mayor Rivers asked again how many positions the Council wanted for IT? Councilman Peel said he felt one for IT and one for inspections. Mayor Rivers asked if the Council was in agreement with one IT and one inspector? Councilwoman Felton said for now, until such time as more funding could be identified. Mayor Pro Tem Spence asked what the title should be for that new inspector? Director Goodson said he would call them a

minimum housing inspector and they would require at least a level one certification. Mayor Rivers said we would also look at where we're at with load management and find out what that position is actually doing now that we're not doing cycle and save or weatherization. Councilwoman Felton clarified that the \$60,000 was not a definite salary, just a placeholder, correct? Manager Freeman said that was correct and he felt it was a safe number. **Mayor Rivers confirmed the Council was in agreement with one addition to IT and one building inspector for now. He noted it could always be changed later in the year.**

Councilman Biggs asked if Director Steward would send the changes in the same formatted spreadsheet? Director Steward said that she would.

Mayor Rivers asked where we were at with electric linemen and things of that nature. Manager Freeman said we've taken the number of positions to from 18 to 15 and raised their pay from \$42 to \$46 per hour, as that was where Dominion stood, although the contractors were slightly higher. He reminded the Council that in November, we'd taken them from \$35 to \$42 in an effort to save the department. Mayor Rivers said if we took them to \$46, they would not get the \$500 bonus increase because they've gone way up. Manager Freeman said we were looking at \$1.2 million for them, saving a little less than \$100,000. **Mayor Rivers asked if the Council was comfortable moving to \$46? Council confirmed that they were. Councilman Peel said he felt they should get \$500 as well.**

Mayor Rivers asked if there were any other additions the Council would like brought forward before Finance created a finalized spreadsheet for them? Was there anything anyone had a projection for? Councilman Biggs asked what day would we get the new numbers? Director Steward said she'd get them out on Wednesday.

Mayor Rivers noted the public hearing would be set for June 26th, and we had a potential meeting set for June 20th. Did they still want to hold that meeting? They'd still have a 5:00 meeting on June 26th, regardless. Councilman Biggs said he was all for avoiding it if possible, but he also didn't want to make changes to the budget right before the public hearing. We've been as transparent as possible – I wouldn't like that we'd change the budget an hour before. If we meet Tuesday and are okay, it should be published. Mayor Rivers stated that 5:00 p.m. on June 20th would be the final budget session in that case.

2. Adjournment:

There being no further business to be discussed, Mayor Rivers adjourned the meeting at 6:03 p.m.

E. Kirk Rivers
Mayor

April D. Onley
City Clerk, NCCMC